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## Japan

## Solid Wood Products

## Annual

## 2002

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Report Highlights: Japan housing starts continued to drop, 5% in 2001, and are forecast to drop in 2002, another 5%. As Japan's economy has stagnated and unemployment has reached a postwar high of 5.4%, consumer confidence has declined significantly. In response, consumers have held back on purchasing new homes. With housing representing 85% of the wood market, sales are down. Notable exceptions included increased imports of glulam (i.e., laminated wood ), which increased 9.4%, and softwood imports from Europe, which increased 4%, in 2001.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Tokyo [JA1], JA

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## I. Executive Summary

Japan housing starts continued to drop in 2001, 5%, and are forecast to drop again in 2002, another 5%. As Japan's economy has stagnated and unemployment has reached a postwar high of 5.4%, consumer confidence has declined significantly. In response, consumers have held back on purchasing new homes. With housing representing 85% of the wood market, with few exceptions, wood sales are down.

Due to reduced market demand, Japanese total wood product imports have declined. According to industry sources, Japan's overall imports of lumber and other value-added wood products declined 10% in 2001, from the previous year, and are expected to decline another 10% in 2002. There were a few notable exceptions, including increased imports of glulam (i.e., laminated wood), which increased 9.4%, and softwood imports from Europe, which increased 4%, in 2001.

, For more data and information on Japanese wood and housing market developments, refer to the following attache reports under the Foreign Agricultural Service (FAS) / U.S Department of Agriculture (USDA) Website at: <<http://www.fas.usda.gov>>

<u>Report No</u>	<u>Date</u>	<u>Report Title</u>
JA2025	6/25/2002	Housing Market Update - March 2002
JA2026	7/3/2002	Housing Starts in 2002 - Industry Outlook
JA2027	7/3/2002	Japan's Tariff Strategy on Wood Products Under WTO

## II. Strategic Indicator Tables

### 1) Construction Market:

<b>STRATEGIC INDICATOR TABLE 1: CONSTRUCTION MARKET</b>			
Country: Japan Report Year: 2002	Previous Calendar Year	Current Calendar Year	Following Calendar Year
<b>Total Housing Starts (number of units)</b>	1,173,858	1,120,000	1,150,000
--Of which, wood frame	522,823	500,000	510,000
--Of which, steel, masonry, other materials	651,035	620,000	640,000
--Of total starts, residential	1,131,732	1,080,000	1,109,000
----Of residential, single family	517,853	494,000	507,000
----Of residential, multi-family	656,005	626,000	643,000
--Of total starts, commercial	40,997	40,000	41,000
<b>Total Value of Commercial Construction Market (\$US million)</b>	114,558	115,000	117,000
<b>Total Value of Repair and Remodeling Market (\$US million)</b>	N/A	N/A	N/A
Are tariffs on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are tariffs on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for construction, softwood or plywood imports funded by foreign governments?	No.	No.	No.
If yes, identify the following:			
--Country(ies)	N/A	N/A	N/A
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/	N/A	N/A	N/A
--Estimated annual market expansion outlay (\$US million) by country	N/A	N/A	N/A
Is the acceptability of U.S. style timber frame construction (i.e., per building codes, mortgage availability, etc.) high, medium or low? 3/	High	High	High
Are consumer preferences for solid wood materials vis-a-vis non-wood materials in construction high, medium or low? 3/	High	High	High
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 3/	Medium	Medium	Medium
If price quotes for construction and structural wood products are available, identify the leading source(s)	N/A	N/A	N/A
1/ If other than equal, explain in report text. 2/ If "other", then explain in report text. 3/ If low or medium, explain in report text.			

## 2) Furniture & Interiors Market :

<b>STRATEGIC INDICATOR TABLE 2: FURNITURE &amp; INTERIORS MARKET</b>			
Country: Japan Report Year: 2002	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)	1,173,858	1,120,000	1,150,000
Total Number of Households (1,000 households )	48,015	48,015	48,015
Furniture Production (\$US million)-Wooden- <b>Ĥ</b>	1,760	1,700	1,650
Interiors Market Size (\$US million) <b>İ</b>	5,443	5,280	5,200
Total Furniture Imports (\$US million) <b>Đ</b>	1,757	1,600	1,650
Total Furniture Exports (\$US million) <b>Ñ</b>	368	360	370
Are tariffs on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for furniture or interiors market expansion funded by foreign governments?	No	No	No
If yes, identify the following:			
--Country(ies) 2/	-	-	-
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 3/	-	-	-
--Estimated annual market expansion outlay (\$US million) by country	-	-	-
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 4/	Medium	Medium	Medium
If price quotes for furniture and interiors products are available, identify the leading source(s)	-	-	-
1/ If other than equal, explain in text. 2/ If more than one country, report each country individually. 3/ If "other", explain form of subsidy in text. 4/ If low or medium, explain in text.			

### Notes:

**Ĥ** Covers the following "wooden" products, as classified in the Japanese Government (METI) statistics.

-Chest of drawers (wardrobes, Japanese-style cabinet of drawers, or Tansu, Cabinets of drawers), Dressers, including mirror stands, Shelves (cupboards, other shelves), Desks, Tables, Chairs (sofas, dining chairs, etc.), Beds, System cabinets, other furniture.

**İ** Includes the following "metal" furniture in addition to "wooden" furniture.

-Desks and tables, Chairs, Filing cabinets, Storage cabinets, Fire-retardant containers, Kitchen furniture (e.g., Sink cabinets, range tables, cooking tables, system kitchens), Beds, Racks, Partitions, etc.

**Đ** Covers products under the following HS (Harmonized System) tariff codes in full 9-digits/customs clearance basis.

-9401.40-61-69-30-40-50-80-71-79-90

-9403.30-40-50-60-10-2070-80-90

Ñ Covers products under the following HS (Harmonized System) tariff codes in full 9-digits/customs clearance basis.

-9401.40-000, 9401.61-000, 9401.69-000, 9403.30-000, 9403.40-000, 9403.50-000, 9403.60-000, 9401.30-000,

9401.71-000, 9401.79-000, 9403.10-100, 9403.10-900, 9403.20-100, 9403.20-900, 9401.50-000, 9401.80-000,

9403.70-000, 9403.80-000, 9401.90-000, 9403.90-000.

### 3) Forest Product Tariffs & Taxes :

STRATEGIC INDICATOR TABLE 3: FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Japan Report Year: 2002	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes or Fees 1/	Total Cost of Import	Export Tax
4401.21-22	Wood Chips	Free	Free	5.0	5.0	None
4403.10-20	Softwood Logs	Free	Free	5.0	5.0	None
4403.10.210-230	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.91-92	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.99.190-110-210-290-310-390.	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.10.220	Tropical HW Logs	Free	Free	5.0	5.0	None
4403.41-49	Tropical HW Logs	Free	Free	5.0	5.0	None
4404	Split poles/Piles,etc.	5.0-7.5	5.0-7.5	5.0	10.0-12.5	None
4405	Wood wool,flour	2.5	2.5	5.0	7.5	None
4406	Railway sleepers	Free	Free	5.0	5.0	None
<b>4407.10. Softwood Lumber &lt; 160mm; Thickness</b>						
-110; Pinus spp. Abies spp.	Picea spp; Planed	4.8	4.8	5.0	9.8	None
-121;Pinus spp.	Not planed	4.8	4.8	5.0	9.8	None
-129;	Other species	4.8	4.8	5.0	9.8	None
-210; Genus Larix	Paned or sanded	8.0	8.0	5.0	11.0	None
-290; Genus Larix	Not planed or sanded	10.0	10.0	5.0	11.0	None
4407.91-92	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.99.100-210-290-400-500	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.24; Tropical HW Lbr.	Virola, Mahogany	Free	Free	5.0	5.0	None
4407.25-26-29;Trop.HW Lbr.	Meranti,Lauan,etc.	6.0	6.0	5.0	11.0	None
4407.99.310-390	Tropical HW Lbr.	6.0	6.0	5.0	11.0	None
4408.10	Softwood veneers	5.0-6.0	5.0-6.0	5.0	10.0	None
4408.31;Meranti	Hardwood veneers	5.0-6.0	5.0-6.0	5.0	10.0	None
4408.39;Padok,Jeltong,Teak	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4408.90;Tsuge,Tagayasan, etc.	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4409.10;Softwood	Drawn wd,mouldings	3.6-5.0	3.6-5.0	5.0	8.6-10.0	None
4409.20;Non-Softwood	Drawn wd,mouldings	Free-5.0	Free-5.0	5.0	5.0-10.0	None
4410.11-19; Particleboard,	Waferboards, OSB	5.0-6.0	5.0-6.0	5.0	10.0-11.0	None
4410-90; Other boards/sheets	Wood materials	6.6-7.9	6.6-7.9	5.0	11.6-12.9	None
4411.11-19; Fiberboard	Density >0.8g/cm3	2.6	2.6	5.0	7.6	None
<b>4412.13 Plywood, veneered panels &amp; similar laminated wood.</b>						
-119	Hardwood Plywood	10.0	10.0	5.0	15.0	None
-122	Hardwood Plywood	8.5	8.5	5.0	13.5	None
-219	Hardwood Plywood	6.0	6.0	5.0	11.0	None
-229	Hardwood Plywood	6.0	6.0	5.0	11.0	None

4412.14.011;Tangue/groove	Hardwood Plywood	6.0	6.0	5.0	11.0	None
4412.14.019;Others	Hardwood Plywood	6.0	6.0	5.0	11.0	None
4412.19.011;Tang./groove	Softwood Plywood	6.0	6.0	5.0	11.0	None
4412.19.019; Others	Softwood Plywood	6.0	6.0	5.0	11.0	None
4412.22; With 1 trop.ply	Laminated Lumber	6.0	6.0	5.0	11.0	None
4412.23;With 1 particlebd.	Laminated Lumber	6.0	6.0	5.0	11.0	None
4412.29-92-93-99;Oths	Laminated Lumber	6.0	6.0	5.0	11.0	None
4413.00	Densified Wood	7.0	7.0	5.0	12.0	None
4414.00	Wooden Frames	3.2	3.2	5.0	8.2	None
4415; Crates, Pallets,	Packing cases,boxes	2.8	2.8-3.9	5.0	7.8-8.9	None
4416.00; Casks,barrels,	Vats, Tubs,etc.	2.2	2.2	5.0	7.2	None
4417.00; Tools, Tool bodies	Tool Handles,Broom	2.2-2.8	2.2-2.8	5.0	7.7-7.8	None
4418; Builder's Joinery &	Carpentry of Wood	Free-5.0	Free-5.0	5.0	7.0-10.0	None
4419.00; Tableware &	Kitchenware of Wood	2.7-4.7	2.7-4.7	5.0	7.7-9.7	None
4420; Wood Marquetry &	Inlaid Wood,caskets	Free-10.0	Free-10.0	5.0	7.7-15.0	None
4421; Other Articles of	Wood (eg.hangers)	Free-3.9	Free-3.9	5.0	7.9-8.9	None
9406.00; Prefabricated	Buildings & Parts	Free	Free	5.0	5.0	None
1/ Japanese domestic consumption tax, applicable to all goods and products sold in Japan.						

### III. Forest Situation:

- Japan has outlined six key policy goals for Japanese forest resource management in their government "Forest and Forestry White Paper," released April 2002. According to the white paper, the Basic Law on the Forest and Forestry of June 2000, departing from the traditional policy focus on forest product production, places a greater emphasis on conservation and the multi-functional role of Japanese forest resources, as outlined below.
  - 1) Create a new relationship between forests and people.
    - By prioritizing the work of forest maintenance and utilization, etc.
  - 2) Manage and conserve Japanese forests to fulfill multi-functional roles of the forests.
    - To meet the national and international policy needs against global warming, etc.
  - 3) Develop and promote sustainable forestry.
    - By motivating forest owners to implement active forest management practices.
  - 4) Secure an adequate supply and promote use of forest products.
    - By modernizing the domestic wood product distribution infrastructure, etc.
  - 5) Recreate a new relationship between forests and the rural communities.
    - To provide employment opportunities for the needy in the rural communities.
  - 6) Manage national forests in the service of the national and broader public interest.
- Domestic round-wood production by private tree growers and logging companies totaled 3,834 m3 in JFY2000 (April - March), down 17.2 % from the previous year, concluded a 2000 survey by the Ministry of Agriculture, Forestry and Fisheries. According to this survey, conducted for the Japanese fiscal year 2000, the results reflect the continued inability of the Japanese domestic forest sector to compete internationally.

	JFY 1999 (m3)	JFY2000 (m3)	% Change
Total Roundwood Production	4,631	3,834	- 17.2 %
Softwood (e.g.cedar, cypress)	3,437	3,052	- 11.2 %
Hardwood (i.e., temperate)	1,194	782	- 34.5 %

(Source: Ministry of Agriculture, Forestry & Fisheries)3,052



**IV. Production:****1) Logs:**

- Log supplies to Japan's manufacturing industry totaled 32,589,000 meters cubed (m3) in 2001, down 10.1% from the previous year. This volume consisted of 15,774,000 m3, a 48.4% share, of logs produced from domestic forest resources, and 16,815,000 m3, a 51.2% share, of imported logs. Domestic log use was down 7.4% and imported log use was down 12.5% from the previous year.
- Of the total Japanese domestic supply of logs of 15,774,000 m3, softwood accounted for 12,846,000 m3 and temperate hardwood for 2,928,000 m3, 81.4% and 18.6%, respectively. Softwood log supply was down 6.3% and temperate hardwood log supply down 12% from the previous year. This decline was due to reduced demand in the wood product manufacturing sector.
- In 2001, of the total supply of imported logs of 16,815,000 m3, 2,327,000 m3, 13.8%, were tropical hardwood logs from the South Seas and the rest were softwood logs, with top exporters being North America, Russia, and New Zealand, representing 42%, 31%, and 10%, of imports, respectively. South Sea tropical log imports were down 25%, and imports were down from North America, Russia and New Zealand by 13%, 8% and 7.5%, in 2001, respectively.

**2) Lumber:**

- Japan's sawn lumber production in 2001 totaled 17,094,000 m3, down 4.8% from the previous year. The year-to-date production through April 2002 totaled 4,705,000 m3, down 11.3% from the same period last year.
- There were 11,692 lumber mills in Japan in 2001, down 678 mills from 11,014 the previous year.

**3) Plywood:**

- Japan's plywood production in 2001 was 2,771,000 m3, down 13.4% from the previous year. Softwood plywood production reached an all-time high of 1,320,000 m3 in 2001. Plywood production mostly uses imported woods. Hardwood plywood accounted for 52% of domestic production and softwood plywood accounted for the rest. Under increased competition from tropical hardwood plywood from Indonesia and Malaysia, Japanese plywood manufacturers have shifted their focus to softwood plywood production.
- As a result of the depressed market demands, the year-to-date plywood production through the end of May totaled 864,294 m3, down 15% from the same period last year.
- There were 329 veneer and plywood mills in production in 2001, down from 354 in the previous year. The volume of logs also declined 14%, from 5,401,000 to 4,651,000 m3, in 2001.

**4) Glulam (Glue-laminated Wood Products):**

- Japanese laminated wood production in 2001 was a record 1,030,000 m<sup>3</sup>, up 15.5% from the previous year. This was largely the result of increased demand from home builders across the country for structural glulam, to meet the Housing Quality Assurance Act's 10 year warranty requirements.
- Production of structural glulam is growing more rapidly than glulam for non-structural use. In 2001, 75.8% of glulam production was for structural glulam. This is up from 63.1% in 1999 and 50.9% in 1997.
- Non-structural glulam product use, typically incorporated for aesthetic and decorative value in traditional Japanese rooms, where post and beam construction predominates, is decreasing. In 2001, the share of non-structural glulam in total glulam production was 24.2%, down from 36.9% in 1999 and from 49% in 1997. The decline in the use of non-structural glulam is the result of increased western style home building in Japan, reducing the number of traditional Japanese rooms.

**5) Particle Board/Fiberboard Products:**

- Japanese production of particleboard was 1,255,687 m<sup>3</sup> in 2001, down 0.4%, and shipments were 78,571,000 meters squared (m<sup>2</sup>), down 3.8%, for the same period. Sixty percent of particleboard production goes into the furniture and interiors and 36% goes into housing and construction.
- Total Medium Density Fiberboard (MDF) production fell in 2001, impacted by depressed demand for interior building products in both residential and industrial markets. The industry produced 432,678 m<sup>3</sup> of MDF in 2001, down 3.2%, and shipped 47,975,000 m<sup>2</sup>, down 6.2%, from the previous year.
- Due to continued weaknesses in their traditional markets, such as automotive dashboards, industrial crates and Tatami underlayment in the interiors of Japanese housing, Japanese production of hardboard and insulation board also declined. Hardboard production totaled 73,102 m<sup>3</sup> and insulation board production 439,110 m<sup>3</sup>, down 7.2% and 7%, respectively, from the previous year.

**V. Wood Consumption:**

- Domestic lumber shipments in 2001 totaled 15,485,000 m<sup>3</sup>, down 10.1 % from the previous year. The drop, which exceeded the previous year's decline, was due to a greater than forecast decline in the housing starts.

Industry's Lumber Shipments by Year					
Vol./Year	1997	1998	1999	2000	2001
Volume (000 m <sup>3</sup> )	21,959	18,875	18,165	17,231	15,485
% Change (Yr./Yr)	-9%	-14%	-4%	-5%	- 10.1%

(Source: Ministry of Agriculture, Forestry and Fisheries)

- The industry's year-to-date lumber shipments through April, 2002, were 4,611,0000 m3, down 11.8% from the same period last year, due to the economic slump in Japan and declining housing prices, and are expected to remain depressed during the remainder of this year.
- Plywood shipments and production volumes were 2,648,000 m3 and 2,771,000 m3, respectively, in 2001, down 14.9% and 13.9%, as shown below.

Industry's Plywood Shipments & Production by Year (000 m3 : % Change)					
	1997	1998	1999	2000	2001
Shipments	3,968	3,240 (-18.3%)	3,247 (+0.2%)	3,112 (-4.2%)	2,648 (-14.9%)
Production	4,257	3,267 (-23.2%)	3,261 (-0.2%)	3,218(-1.3%)	2,771(-13.9%)

( Source: Ministry of Agriculture, Forestry & Fisheries)

- The industry's year-to-date plywood shipments through April, 2002, totaled 864,294 m3, down 14.7% from the same period last year.

## VI. Market Sector Analysis:

### 1) Construction Sector:

- Japanese housing starts in 2001 totaled 1,173,858, down 4.6% from the previous year. The poor economy and declines in the value of real estate have meant housing markets and new home building remain depressed.
- In the first turnaround in 18 months, the year-to-date housing starts through the end of May this year were up 1%, to 463,963, from the same period the previous year. There is some speculation that the Japanese housing market may have bottomed out. The following table shows a sectoral analysis of housing starts through May, 2002.

Japanese Housing Starts in May, 2002 & Year-to-date Performance (Units)				
Sector	May, 2002	% Change (02/01)	Jan.- May 2002	% Change (02/01)
Total Starts	106,110	+ 5.8%	463,963	+ 1.0%
-Custom housing	34,270	+ 1.5%	151,142	- 5.1%
-Rental housing	42,730	+ 12.0%	171,318	+ 6.3%
-Corporate housing	702	+ 56.7%	3,803	+ 7.1%
-Built-for-sale	28,408	+ 1.9%	137,700	+ 1.7%
Wood-Framed	43,986	- 3.6 %	197,613	- 4.7%
Wood Share (%)	41.5%	-	42.6%	-
By Framing Method				

-Condominiums	18,634	+ 1.9%	92,033	+ 9.1%
-Prefab. Housing (Wood-framed)	13,638 ( 1,915 )	- 2.5% (- 14.6 %)	60,541 (9,339 )	- 6.0% (- 15.7%)
2x4 Wood-framed	6,286	- 0.7%	28,959	- 0.4%
By Floor Space (1,000 square meters)				
All Housing Starts	9,792	+ 3.2%	43,309	- 2.0%
Wood-Framed	4,971	- 2.1%	22,212	- 4.5%
Wood Share (%)	50.7%	-	51.3%	-

( Source: Ministry of Land, Infrastructure & Transport)

- The largest decline in housing starts was in the prefabricated housing market, where starts declined another 8% in JFY 2001, after severe declines over the last 3 years, as shown below. Japan's prefabricated housing industry is represented by one of the most influential home manufacturer associations, with 110 members.

Japan's Prefabricated Housing Sales : JFY1999 vs. JFY2001			
Framing Technology	Units Sold		% Change ( 2002/1999)
	JFY1999	JFY2002	
Steel Framing	165,374	147,327	- 10.9%
Wood Framing	40,984	34,430	- 16.0%
Concrete Framing	21,505	18,544	- 13.8%
Total Units Sold :	227,863	200,301	- 12.1%

( Source: Prefabricated Housing Manufacturers' Association )

- Lumber shipments to the housing construction and civil engineering/public works dropped 9% in 2001, from the previous year. This sector's share in the industry's total lumber shipments, however, have remained stable at about 85%, as shown below.

Lumber Consumption in the Housing & Construction Sector (Unit:100,000 m3)					
Sector\Yr.	1997	1998	1999	2000	2001
Housing	175	151	146	138	126
Civil works	8.4	7.6	7.2	7.0	6.1
Total	183.4	158.6	153.2	145	132.1
% Change 1/	-11%	-13%	- 4 %	- 5%	- 9%
% Share 2/	83%	84%	84%	84%	85%

(Source: Ministry of Agriculture, Forestry and Fisheries)

Notes: 1/ Year-on-year percent change.  
2/ Percentage share in the industry's total lumber shipments.

## 2) Furniture & Interiors Sector:

- Japanese imports of furniture and interior products have grown over the last decade, from \$1.24 billion (178 billion Yen) in 1990 to a record \$3.06 billion (371.4 billion Yen), in 2001. Furniture imports are forecast to be stable and provide an opportunity for growth.
- The top 5 exporters of furniture products to Japan, by import value, were China, Taiwan, U.S., Thailand and Indonesia, respectively, in 2001. Imports from China increased an impressive 46% and imports from Thailand increased 13%, from the previous year.
- The "westernization" of Japanese homes and growing market acceptance of these cost-competitive furniture imports are in great part responsible for the continued growth in Japanese furniture imports.
- Growth in Japanese furniture imports has hurt domestic furniture manufacturers, resulting in consolidation and offshore manufacturing by Japanese furniture makers.
- As furniture imports increase and domestic production declines, Japanese use of local lumber for furniture has declined. The furniture sector's share of domestic lumber shipments dropped 14.9% in 2001 from the previous year, as shown below.

Lumber Consumption in the Furniture & Interiors Sector ( 000 m3)					
Volume\Year	1997	1998	1999	2000	2001
Volume	647	503	417	368	313
% Change 1/	-9%	-22%	-17%	-12%	- 14.9%
% Share 2/	2.9%	2.7%	2.3%	2.1%	2.0%

(Source: Ministry of Agriculture, Forestry and Fisheries)

Notes: 1/ Year-on-year percent change..  
2/ Percentage share in the industry's total lumber shipments.

## 3) Material Handling Market:

- Radiata pine, imported regularly from New Zealand and Chile, and off-grade stock of domestic species, such as cedar and larch, are the key species marketed in this sector. Japan's poor economy has driven down prices and this sector remains depressed.
- This sector's share of lumber shipments dropped 14.7% in 2001, from the previous year, as shown below, as a result of Japanese manufacturing moving offshore and sluggish industrial activities domestically. This market is not expected to grow significantly in the near-term.

Lumber Consumption in the Material Handling Sector (000 m3)					
Volume\ Year	1997	1998	1999	2000	2001

Volume		2,287	1,946	1,871	1,862	1,588
% Change	1/	+/-0	-15%	-4%	-0.5%	-14.7%
% Share	2/	10.4%	10.3%	10.3%	10.8%	10.3%

(Source: Ministry of Agriculture, Forestry and Fisheries)

Notes: 1/ Year-on-year percent change.

2/ Percentage share in the industry's total lumber shipments.

## VII. Trade Highlights:

- Glulam (i.e., glue-laminated wood products) imports in 2001 were a record 593,300 m3. Of the total, 84% were load-bearing structural members for housing and industrial construction. Austria, Germany, Finland, Sweden, USA, Canada, Russia, New Zealand, China and Denmark, accounted for 98% of the total volume.
- Japanese imports of softwood lumber from Europe were 2,280,575 m3 in 2001. The top 5 exporters (Finland, Sweden, Austria, Czech, Germany) accounted for 95% of this volume.
- Combined imports from Europe and Russia were a record 3,300,000 m3 in 2001.
- Japanese furniture imports in 2001, including steel and wood furniture and their related accessory parts, grew 12.8% to a record \$ 3 billion (374 billion Yen). The top 5 exporters were China, Taiwan, USA, Thailand and Indonesia.
- Daiken Industries Ltd., one of the Japanese leading manufacturers of wood furniture and window sash/door products, announced a plan in March 2002 to move some of their manufacturing to China. The cost of production in China is reportedly 50% that of Japan, and the products can be sold in China and exported to Japan.
- The year-to-date imports of all the value-added wood products from North America (U.S., Canada) through the end of April, 2002, were 1,292,000 m3 or \$415 million (48.1 billion Yen), down 23% and 21%, respectively, from the previous year. (Japanese customs clearance basis.)

**VIII. PSD Tables & Trade Matrix :****1) Softwood Logs :**

PSD Table						
Country	Japan					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	14800	12846	13500	12800	0	12500
Imports	12500	11295	11500	11300	0	11000
TOTAL SUPPLY	27300	24141	25000	24100	0	23500
Exports	0	2	2	2	0	2
Domestic Consumption	27300	24139	24998	24098	0	23498
TOTAL DISTRIBUTION	27300	24141	25000	24100	0	23500

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	3706	U.S.	3210
Others		Others	
Russia	5259	Russia	4989
New Zealand	1838	New Zealand	1644
Canada	1008	Canada	917
Australia	172	Australia	188
Chile	95	South Africa	132
South Africa	90	Chile	119
Germany	42	Germany	39
Malaysia	20	France	24
China	6	Indonesia	11
Laos	2	China	11
Total for Others	8532		8074
Others not Listed	2		11

Grand Total	12240		11295
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Export Trade Matrix			
Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Korea, South	2	Korea, South	1
Total for Others	2		1
Others not Listed	1		1
Grand Total	3		2

## 2) Temperate Hardwood Logs :

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Logs				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	3600	2928	3200	2850	0	2800
Imports	250	981	1350	950	0	900
TOTAL SUPPLY	3850	3909	4550	3800	0	3700
Exports	0	0	0	0	0	0
Domestic Consumption	3850	3909	4550	3800	0	3700
TOTAL DISTRIBUTION	3850	3909	4550	3800	0	3700

Import Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Logs		



Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	71	U.S.	69
Others		Others	
Papua N.Guinea	656	Papua N.Guinea	359
Russia	346	Russia	304
Solomon Isls.	85	Solomon Isls.	74
Malaysia	76	Malaysia	59
South Africa	58	China	29
Guyana	37	South Africa	26
China	37	Germany	11
Chile	15	Chile	11
Australia	12	Gabon	9
Gabon	10	Denmark	6
Total for Others	1332		888
Others not Listed	38		24
Grand Total	1441		981

Export Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

### 3) Tropical Hardwood Logs :

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003

	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	0	0	0	0	0	0
Imports	2650	1638	2200	1600	0	1500
TOTAL SUPPLY	2650	1638	2200	1600	0	1500
Exports	0	0	0	0	0	0
Domestic Consumption	2650	1638	2200	1600	0	1500
TOTAL DISTRIBUTION	2650	1638	2200	1600	0	1500

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Malaysia	2086	Malaysia	1377
Papua N.Guinea	63	Indonesia	150
Indonesia	39	Papua N.Guinea	42
Eq.Guinea	36	Gabon	32
Gabon	23	Eq.Guinea	21
		Cameroon	4
		Congo	3
Total for Others	2247		1629
Others not Listed	20		9
Grand Total	2267		1638

Export Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001

U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

**4) Wood Chips :**

PSD Table						
Country	Japan					
Commodity	Wood Chips				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	5300	5059	5250	5000	0	5000
Imports	14000	13870	14000	13500	0	13000
TOTAL SUPPLY	19300	18929	19250	18500	0	18000
Exports	0	0	0	0	0	0
Domestic Consumption	19300	18929	19250	18500	0	18000
TOTAL DISTRIBUTION	19300	18929	19250	18500	0	18000

Import Trade Matrix			
Country	Japan		
Commodity	Wood Chips		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	3410	U.S.	2503
Others		Others	
Australia	4450	Australia	4149
South Africa	1580	South Africa	1745
Chile	1403	Chile	1653
China	737	China	682
Brazil	532	Brazil	538
Canada	459	New Zealand	518
New Zealand	398	Thailand	492
Thailand	378	Canada	484
Vietnam	261	Vietnam	341

Malaysia	229	Malaysia	257
Total for Others	10427		10859
Others not Listed	588		508
Grand Total	14425		13870

Export Trade Matrix			
Country	Japan		
Commodity	Wood Chips		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

### 5) Softwood Lumber :

PSD Table						
Country	Japan					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	18200	14570	15500	14300	0	14000
Imports	8600	8027	8700	8000	0	8000
TOTAL SUPPLY	26800	22597	24200	22300	0	22000
Exports	0	4	0	5	0	5
Domestic Consumption	26800	22593	24200	22295	0	21995
TOTAL DISTRIBUTION	26800	22597	24200	22300	0	22000

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	573	U.S.	401
Others		Others	
Canada	4513	Canada	3891

Finland	775	Finland	836
Sweden	655	Sweden	673
Russia	555	Russia	596
Austria	517	Austria	502
Chile	494	Chile	440
New Zealand	276	New Zealand	243
China	91	China	86
Czech Republic	63	Czech Republic	63
Germany	47	Germany	43
Total for Others	7986		7373
Others not Listed	247		253
Grand Total	8806		8027

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
China	1	China	4
Total for Others	1		4
Others not Listed	2		0
Grand Total	3		4

#### 6) Temperate Hardwood Lumber :

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	620	446	500	400	0	400
Imports	730	510	530	500	0	500
TOTAL SUPPLY	1350	956	1030	900	0	900
Exports	0	0	0	0	0	0

Domestic Consumption	1350	956	1030	900	0	900
TOTAL DISTRIBUTION	1350	956	1030	900	0	900

Import Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	116	U.S.	93
Others		Others	
Indonesia	148	Indonesia	145
China	113	China	95
Malaysia	103	Canada	15
Canada	18	Thailand	14
Thailand	17	Germany	7
Brazil	8	Brazil	6
Australia	7	Australia	6
Germany	7	Italy	6
Philippines	5	Russia	5
		Uruguay	4
Total for Others	426		303
Others not Listed	29		114
Grand Total	571		510

Export Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0

Others not Listed	0		0
Grand Total	0		0



**7) Tropical Hardwood Lumber :**

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	700	564	300	500	0	470
Imports	150	447	550	400	0	400
TOTAL SUPPLY	850	1011	850	900	0	870
Exports	0	4	3	4	0	0
Domestic Consumption	850	1007	847	896	0	870
TOTAL DISTRIBUTION	850	1011	850	900	0	870

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Malaysia	235	Malaysia	178
Indonesia	123	China	110
Brazil	7	Italy	13
Cambodia	2	Brazil	11
Ghana	1	Philippines	2
Cameroon	1	Thailand	2
		Cameroon	1
		Ghana	1
		Myanmar	1
Total for Others	369		319
Others not Listed	204		128

Grand Total	573		447
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Export Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
China	0.4	China	0.7
Vietnam	0.3	Vietnam	0.6
Thailand	0.5	Thailand	0.1
Taiwan	0.2		
Hong Kong	0.2		
Korea, South	0.2		
Indonesia	0.1		
Total for Others	1.9		1.4
Others not Listed	2.1		2.1
Grand Total	4		3.5

### 8) Hardwood Plywood :

PSD Table						
Country	Japan					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	2300	1560	1850	1400	0	1350
Imports	4200	4294	4200	4300	0	4500
TOTAL SUPPLY	6500	5854	6050	5700	0	5850
Exports	0	3	3	3	0	3
Domestic Consumption	6500	5851	6047	5697	0	5847
TOTAL DISTRIBUTION	6500	5854	6050	5700	0	5850

Import Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	2	U.S.	1
Others		Others	
Indonesia	2615	Indonesia	2491
Malaysia	1646	Malaysia	1687
China	16	China	83
Taiwan	4	Taiwan	15
Brazil	12	Brazil	6
Finland	3	Finland	3
Philippines	1	Philippines	2
Canada	1	Canada	2
Thailand	2	Malta	1
Korea, South	1	Korea, South	1
Total for Others	4301		4291
Others not Listed	4		2
Grand Total	4307		4294

Export Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
China	0.5	China	1
Korea, South	2.1	Korea, South	0.5
Total for Others	2.6		1.5
Others not Listed	1		1
Grand Total	3.6		2.5



**9) Softwood Plywood :**

PSD Table						
Country	Japan					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Production	1400	1320	0	1400	0	1500
Imports	360	266	0	300	0	350
TOTAL SUPPLY	1760	1586	0	1700	0	1850
Exports	0	0	0	0	0	0
Domestic Consumption	1760	1586	0	1700	0	1850
TOTAL DISTRIBUTION	1760	1586	0	1700	0	1850

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	2000		2001
U.S.	4	U.S.	3
Others		Others	
Canada	179	Canada	153
New Zealand	71	New Zealand	70
Indonesia	14	Indonesia	13
China	24	China	7
Chile	2	Chile	6
Malaysia	4	Malaysia	5
Thailand	2	Korea, South	4
Total for Others	296		258
Others not Listed	2		5
Grand Total	302		266

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

## IX. References :

## REFERENCES

- 1) Japanese industry and commodity statistics in this report are based on the following data, published periodically by calendar year by the Statistics and Information Bureau of the Japanese Ministry of Agriculture, Forestry and Fisheries.
- Report on the Basic Raw Material Statistics in the Wood Industry.
  - Report on the Basic Lumber Industry Statistics.
  - Report on the Annual Plywood Industry Statistics.
  - Report on the Wood Chip Statistics.
- 2) Trade data for Japanese imports and exports are based on the customs clearance statistics of the Japanese Ministry of Treasury. The U.S. dollar value is based on the CIF value on the customs clearance basis.
- 3) HS (Harmonized System) tariff codes used in each grouping of forest product commodities in the trade matrices are as follows.

Commodity Group	Imports	Exports
• Softwood Logs:	4403.10-100; 4403.20	4403.20-000.
• Temperate Hardwood Logs:	4403.10-210; 4403.91-000; 4403.92-000 4403.99-110; 4403.99-190; 4403.99-390	4403.92-000; 4403.99-000
• Tropical Hardwood Logs:	4403.10-220; 4403.10-230; 4403.41; 4403.49 4403.99-210; 4403.99-290; 4403.99-310 4403.99-391; 4403.99-392; 4403.99-399	4403.41-000
• Wood Chips:	4401.21; 4401.22	4401.21-000; 4401.22-000
• Softwood Lumber:	4407.10;	4407.10-000
• Temperate Hardwood Lumber:	4407.91-000; 4407.92-000; 4407.99-500	4407.91-000; 4407.91-900 4407.92-000
• Tropical Hardwood Lumber:	4407.24-000; 4407.25; 4407.26; 4407.29; 4407.99-100; 4407.99-210; 4407.99-290 4407.99-310; 4407.99-390; 4407.99-400	4407.24-000; 4407.26-000 4407.29-000; 4407.99-200
• Hardwood Plywood:	4412.13; 4412.14	4412.13-100; 4412.13-900 4412.14-900; 4412.14-100
• Softwood Plywood:	4412.19-011; 4412.19-019; 4412.19-021 4412.19-022	4412.19-100

End of Report.